

**Congressman Ron Paul**  
**Financial Services Committee**  
**Hearing on “The Need for Credit Union Regulatory Relief and Improvements”**  
**March 6, 2008**

Mr. Chairman,

I applaud you for calling this hearing. The topic of credit unions is one which has been important to me and my district, but has taken on an even greater importance in recent months. With the financial crisis affecting banks resulting in a decrease in lending, credit unions can play an important role in alleviating the effects of the subprime crisis. In order to ensure that credit unions can play this important role, this committee should pass CURIA, which is sponsored by Capital Markets Subcommittee Chairman Kanjorski and Mr. Royce. I am proud to have joined them as an original cosponsor. The regulatory relief in CURIA will enable credit unions to better serve the more than 89 million Americans who are credit union members.

One important issue is the ability of credit unions to diversify their investment options. CURIA would allow federal credit unions to invest in investment grade bonds and double the amount that federal credit unions can invest in credit union service organizations.

Another aspect which is of particular interest is that of enabling credit unions to cater to underserved areas. This would enable credit unions to offer their products and services to those people who either have never been served by or who are no longer served by other financial institutions. Due to litigation by the banking industry, several credit unions in my home state of Texas have been told that they can no longer take on new customers in underserved areas, and are at risk of losing customers from further low-income areas due to the threat of future litigation. At a time when many low-income consumers are in danger of foreclosure on their homes and feeling the squeeze of inflation when they receive their paychecks, the last thing we should do is to impose new regulations such as requiring credit unions to comply with the Community Reinvestment Act. We in Congress should be doing all we can to ensure that these consumers are not unduly restricted in their borrowing or refinancing options.

Consumers are best served in the marketplace by a multiplicity of sellers. Banks and credit unions each have unique products and services that they can offer to customers, and both banks and credit unions need to realize that the financial marketplace is not a winner-take-all affair. Membership in a credit union and holding of a bank account or loan are not mutually exclusive activities. By reducing the regulatory burden facing credit unions and ensuring a level playing field, healthier market competition will ensue, allowing consumers access to the products and services they need. In a time of market turbulence, liquidity problems, and less willingness to the lend on the part of banks, credit union regulatory relief can go a long way towards helping consumers in need. I therefore urge my colleagues to pass HR 1537, the Credit Union Regulatory Improvements Act.